

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

March 17, 2008

Chief Investment Officer's

Consolidated Investment Activity Report

(January 2008 Reporting Period)

Market Environment – January 31, 2008

General Market Commentary

Global markets were hit hard during the first month of 2008. Amidst global equity markets falling, the return of market volatility, continued concerns over the credit market, and more signs of a slumping US economy, the Federal Reserve made an unusual emergency cut of 75 bps in mid January to the Fed Funds interest rate. At its scheduled meeting a week later the Fed cut rates by another 50 bps to 3.00%. Oil prices eased slightly during the month, closing just under \$92.00.

Domestic and International Equities

The U.S. equity market posted its worst one-month decline since late 2002, returning -6.00% for the month of January (as measured by the S&P 500). In a reversal of recent trends, growth stocks underperformed value stocks for the month, returning -7.80% versus value's return of -4.01% (as measured by Russell 1000 Growth and Value). International equities were also down for January, with the MSCI EAFE off -9.23%. After a strong 2007, the emerging markets declined -12.45% for the month (as measured by the MCSI EM Index).

Domestic and International Fixed Income

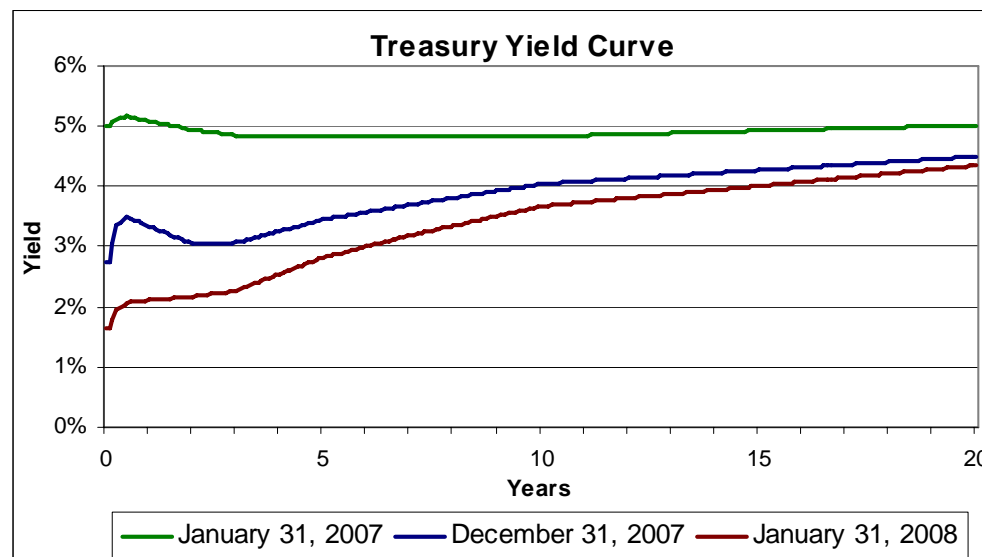
Investors continued a flight to quality in the bond markets during January. The Lehman Brothers Aggregate Bond Index returned 1.68% for January, but underperformed US Treasuries' gain of 2.51% (as measured by LB Treasury Intermediate Term Index). US TIPS were up 3.96% (LB US TIPS) for the month. The high yield market declined -1.36% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned 3.99%, as measured by the Citigroup World Government Bond Index ex US (unhedged).

Real Estate

Real estate (as measured by the MSCI US REIT Index) was down for the month, declining -0.39% in January. The NCREIF Index of Real Estate Properties returned a positive 3.21% for the quarter ended December 2007.

Private Equity and Absolute Return Strategies

The Venture Economics All Private Equity Index returned 24.53% for the 12 months ended June 2007 and 14.83% for the 10 years ended June 2007. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned -1.48% in January and 9.45% for the 12 months ended January 2008.



MARKET INDICATORS	1/31/2007	Direction	12/31/2007	Direction	1/31/2008
1m LIBOR (fixed in \$)	5.32%	▼	4.60%	▼	3.14%
Federal Funds	5.25%	▼	4.25%	▼	3.00%
10Y Treasury Note Yield	4.83%	▼	4.03%	▼	3.64%
30Y Treasury Bond Yield	4.93%	▼	4.46%	▼	4.35%
DJ-Wilshire 5000 Comp	14,471.77	▲	14,753.62	▼	13,843.25
S&P 500	1,438.24	▲	1,468.36	▼	1,378.55
NASDAQ Composite	2,463.93	▲	2,652.28	▼	2,389.86
FTSE 100 Index	6,203.10	▲	6,456.90	▼	5,879.80
Nikkei 225 Index	17,383.42	▼	15,307.78	▼	13,592.47
Yen/\$ (Dollar Strength)	121.020	▼	111.710	▼	106.740
Euro/\$ (Dollar Strength)	0.769	▼	0.685	▼	0.674
GBP/\$ (Dollar Strength)	0.510	▼	0.504	▼	0.503
Crude Oil per Barrel	\$ 58.14	▲	\$ 95.98	▼	\$ 91.75
Gold (\$/oz Daily Spot)	\$ 650.50	▲	\$ 833.75	▲	\$ 923.25
GS Commodities Index	\$ 427.22	▲	\$ 610.17	▼	\$ 608.38

CalPERS Asset Allocation – January 31, 2008

Summary

- Total Fund Market Value was \$244.7 Billion
- Total Fund Book Value was \$204.7 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Effective Market Value (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity ¹	\$53.6	\$80.4	\$81.3	\$26.8
International Equity	\$42.4	\$47.9	\$48.3	\$5.5
Global Equity	\$96.0	\$128.3	\$129.6	\$32.4
Domestic Fixed Income	\$56.6	\$61.2	\$61.2	\$4.6
International Fixed Income	\$7.1	\$7.8	\$7.8	\$0.6
Global Fixed Income	\$63.7	\$69.0	\$69.0	\$5.2
AIM	\$22.7	\$22.6	\$22.6	-\$0.1
Real Estate	\$18.2	\$20.7	\$20.7	\$2.5
Inflation Linked	\$1.9	\$1.9	\$1.9	\$0.1
Cash Equivalents	\$2.1	\$2.1	\$0.8	\$0.0
Total Fund	\$204.7	\$244.7	\$244.7	\$40.0

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$201.3 million, Total Market Value=\$206.8 million.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 1/31/2008

Company Name	Equity Exposure			Total Equity Market Value	Fixed Income Exposure			Total FI Market Value	Real Estate	TOTAL Market Value	% of Total Fund(3)
	Internally Managed		Externally Managed		Exposure (1)						
	Active	Passive	Active		Internal	External	Sec. Lending(2)				
GENERAL ELECTRIC	194,721,042	1,055,665,582	264,503,139	1,514,889,763	561,135,727	71,280,101	978,863,092	1,611,278,920		3,126,168,683	0.88%
EXXON MOBIL CORP	247,832,179	1,389,418,704	417,607,229	2,054,858,112				0		2,054,858,112	0.84%
MICROSOFT CORP	172,442,492	906,690,760	272,323,513	1,351,456,765				0		1,351,456,765	0.55%
CITIGROUP INC	54,977,527	412,815,706	132,937,952	600,731,185	388,957,104	23,482,292	269,651,250	682,090,646		1,282,821,831	0.41%
BANK OF AMERICA CORP	73,030,568	585,024,398	161,479,281	819,534,247	389,538,701	42,741,642		432,280,343		1,251,814,590	0.51%
BERKSHIRE HATHAWAY	225,233,000	619,072,000	2,312,000	846,617,000	381,328,400			381,328,400		1,227,945,400	0.50%
JPMORGAN CHASE & CO	73,555,523	479,850,441	218,277,419	771,683,383	271,558,617	26,398,128	98,868,810	396,825,555		1,168,508,938	0.44%
WAL MART STORES INC	164,468,985	607,354,051	176,455,392	948,278,428	174,569,876	3,160,295		177,730,171		1,126,008,599	0.46%
AMERICAN INTL GROUP INC	113,037,292	418,820,227	119,572,207	651,429,726	321,636,715	6,235,792	100,091,000	427,963,507		1,079,393,233	0.40%
AT&T INC	113,017,225	689,797,765	255,754,734	1,058,569,724				0		1,058,569,724	0.43%
PROCTER + GAMBLE CO	79,379,135	610,875,065	168,829,890	859,084,090	14,800,590			14,800,590		873,884,680	0.36%
CONOCOPHILLIPS	97,473,380	384,326,381	136,676,207	618,475,968	241,067,776			241,067,776		859,543,744	0.35%
JOHNSON + JOHNSON	100,107,748	537,577,154	159,652,805	797,337,707	13,838,471			13,838,471		811,176,178	0.33%
CHEVRONTXACO CORP	94,616,847	533,930,150	168,689,463	797,236,460				0		797,236,460	0.33%
GOOGLE INC	121,194,711	517,180,950	135,194,994	773,570,655				0		773,570,655	0.32%
PFIZER INC	84,037,299	465,101,262	173,750,323	722,888,884	16,554,291			16,554,291		739,443,175	0.30%
VERIZON COMMUNICATIONS INC.	32,123,243	324,100,380	101,629,870	457,853,493	261,129,095			261,129,095		718,982,588	0.29%
GOLDMAN SACHS GROUP	65,802,368	234,318,667	110,666,231	410,787,266	280,719,178	19,274,364		299,993,542		710,780,808	0.29%
INTERNATIONAL BUSINESS MACHINES	102,078,515	440,351,616	138,815,845	681,245,976	7,891,802	10,239,282		18,131,084		699,377,060	0.29%
BAXTER INTL INC	209,572,315	117,276,792	354,943,337	681,792,444				0		681,792,444	0.28%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of January 31, 2008

Total Fund Market Value: **\$244,708,766,296**

	Global Equity	Domestic Equity	International Equity	Global Fixed	Domestic Fixed	International Fixed	AIM	Real Estate	Inflation Linked	Cash ¹	Total Fund
Strategic Target Range %	51-61%			14-24%			7-13%	7-13%	0-5%		
Strategic Target %	56.0%	28.0%	28.0%	19.0%	17.0%	2.0%	10.0%	10.0%	5.0%	0.0%	N/A
Cash Market Investment %	52.4%	32.9%	19.6%	28.2%	25.0%	3.2%	9.3%	8.5%	0.8%	0.9%	N/A
Tactical Overlay % ⁴	0.5%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.5%)	N/A
Effective Investment %	53.0%	33.2%	19.8%	28.2%	25.0%	3.2%	9.3%	8.5%	0.8%	0.3%	N/A
Variance % (Strategic vs. Effective)	(3.0%)	5.2%	(8.2%)	9.2%	8.0%	1.2%	(0.7%)	(1.5%)	(4.2%)	0.3%	N/A
Strategic Target \$ ³	\$137.0	\$68.5	\$68.5	\$46.5	\$41.6	\$4.9	\$24.5	\$24.5	\$12.2	\$0.0	\$244.7
Cash Market Investment \$ ²	\$128.3	\$80.4	\$47.9	\$69.0	\$61.2	\$7.8	\$22.6	\$20.7	\$1.9	\$2.1	\$244.7
Tactical Overlay \$ ^{2, 4}	\$1.3	\$0.9	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.3)	N/A
Effective Investment \$ ^{2, 3}	\$129.6	\$81.3	\$48.3	\$69.0	\$61.2	\$7.8	\$22.6	\$20.7	\$1.9	\$0.8	\$244.7
Variance \$ (Strategic vs. Effective) ^{2, 3}	(\$7.4)	\$12.8	(\$20.2)	\$22.5	\$19.6	\$2.9	(\$1.8)	(\$3.8)	(\$10.3)	\$0.8	N/A
% Passive	48.3%	63.7%	45.3%	0.0%	0.0%	0.0%	0.0%	5.2%	0.0%	0.0%	29.8%
% Active	51.7%	36.3%	54.7%	100.0%	100.0%	100.0%	100.0%	94.8%	100.0%	100.0%	70.2%
% Internal	53.3%	71.0%	48.8%	88.8%	100.0%	0.0%	0.0%	5.2%	23.6%	100.0%	59.4%
% External	46.7%	29.0%	51.2%	11.2%	0.0%	100.0%	100.0%	94.8%	76.4%	0.0%	40.6%

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

* When summing amounts on this report, there may be breakage.

* MDP Venture accounts included in MDP's primary asset class. MDP Fixed, CalPERS Hedge Fund, and Enhanced Index Equity roll to External Domestic Equity.

¹ Cash includes SMIF at STO.

² (\$ Billion)

³ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

⁴ Approximately \$1.3 Billion notional in Equity Futures were purchased to equitize cash.

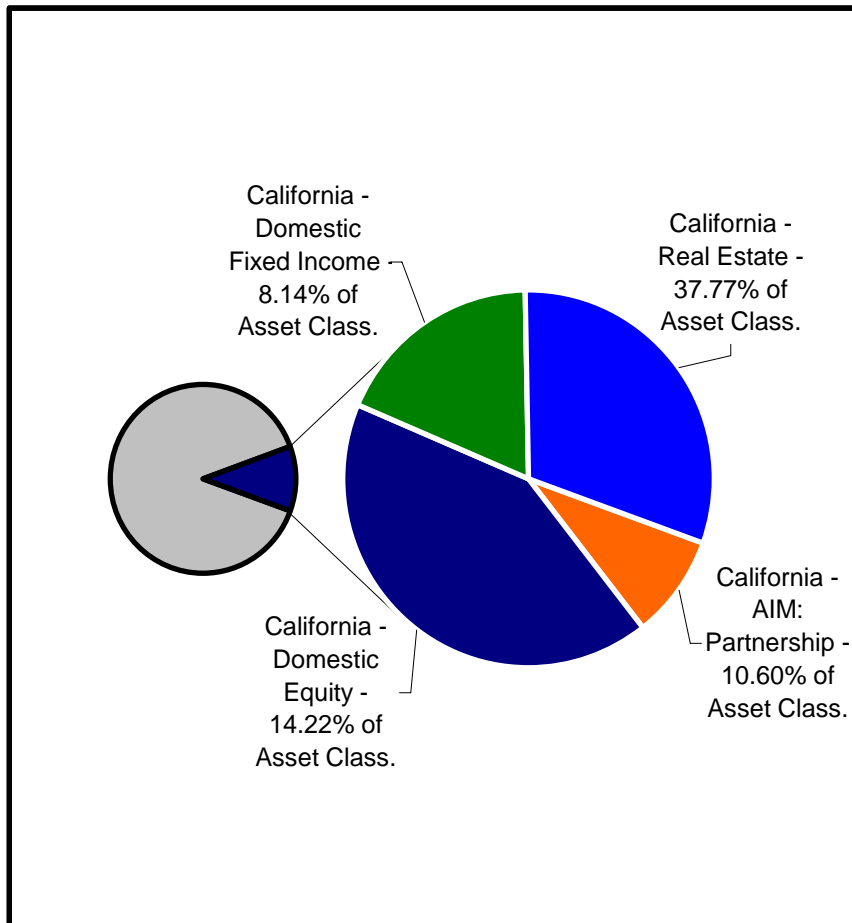
Private Market Commitment as of January 31, 2008									
AIM				Real Estate					
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range		
Fair Market Value (FMV)	\$22.65	9.3%	7-13%	Fair Market Value (FMV)	\$20.68	8.5%	7-13%		
Unfunded Commitment	<u>\$22.80</u>	<u>9.3%</u>		Unfunded Commitment	<u>\$17.72</u>	<u>7.2%</u>			
Fair Market Value plus Unfunded Commitment	\$45.45	18.6%		Fair Market Value plus Unfunded Commitment	\$38.40	15.7%			

CalPERS Investments in the State of California – January 31, 2008

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

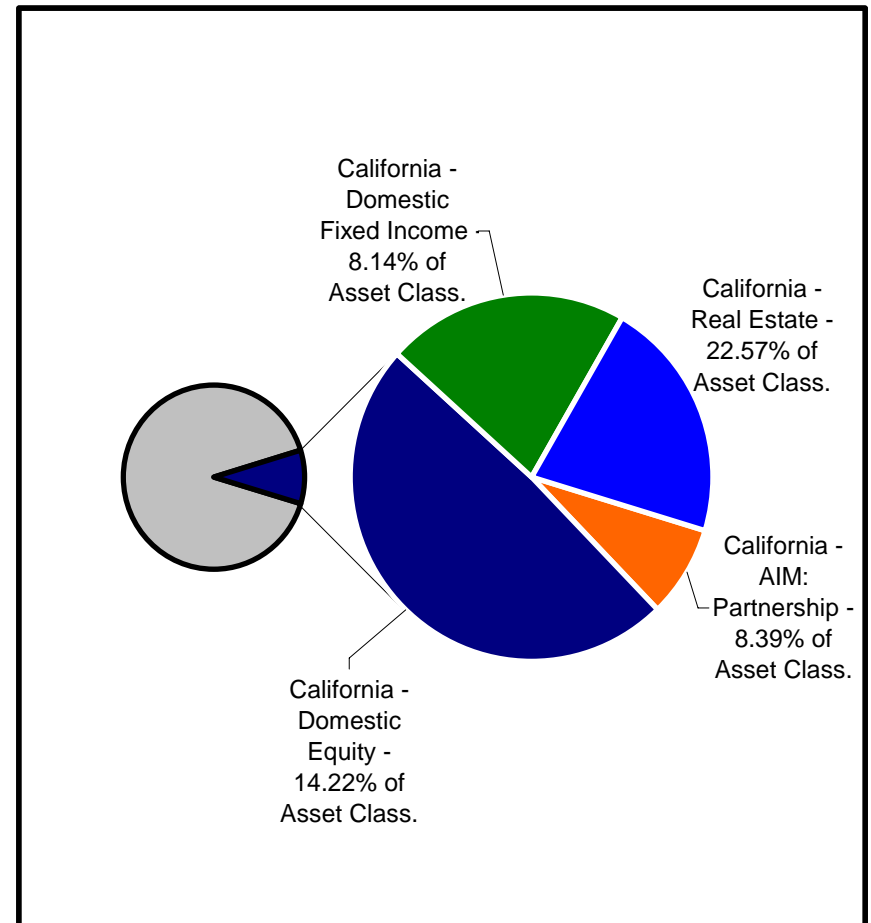
California Commitments (includes unfunded investments)

Current California Commitments at 1/31/2008 Total Fund %: 11.10%



California Investments

Current California Investments at 1/31/2008 Total Fund %: 9.52%

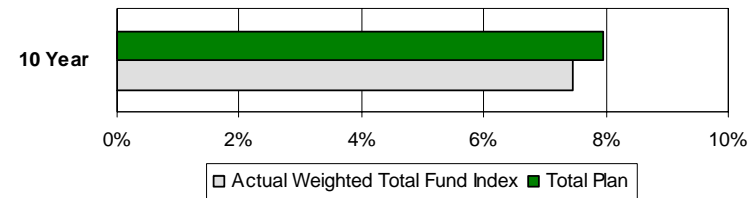


Note: Due to reporting constraints, the California Investments in Real Estate reported (except for Housing and REITs which are as of January 31, 2008) are as of December 31, 2007.

Performance Summary – January 31, 2008

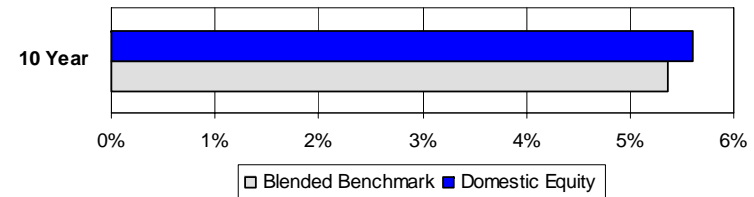
Total Plan:

Net Total Fund returns have outperformed the Actual Weighted Total Fund Index during the one month, calendar year to date, three-, five-, and ten-year time periods. It has underperformed during the quarter, fiscal year to date and one-year periods. Ten-year net returns were 7.96% versus 7.44% for the actual weighted index.



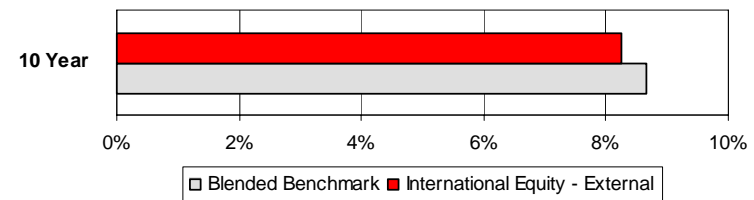
Domestic Equity:

Net Domestic Equity returns have underperformed the Blended Index in time periods except for the 10-year period. Ten-year net returns were 5.73% versus 5.36% for the blended benchmark.



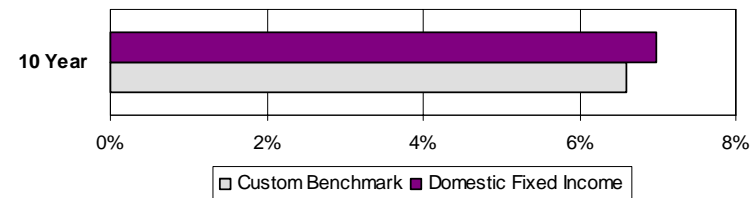
International Equity:

Net International Equity (External) returns including currency overlay underperformed its benchmark in all time periods. Ten-year net returns were 8.24% (8.84% without currency overlay) versus the 8.66% blended benchmark return. The Internal portfolio has returned 16.86% since its 5/1/2005 inception, exceeding its benchmark of 16.60%.



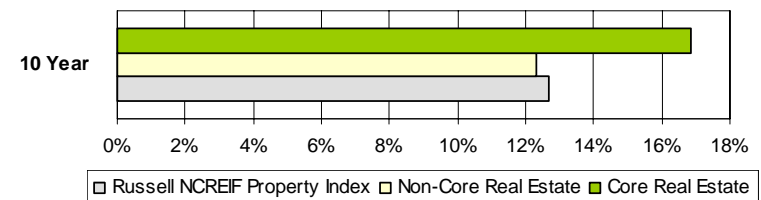
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in the one-, three-, five-, and ten-year periods, but have underperformed in the one month, quarter, fiscal and calendar year to date. Ten-year net returns were 6.98% versus 6.59% for the benchmark.



Real Estate:

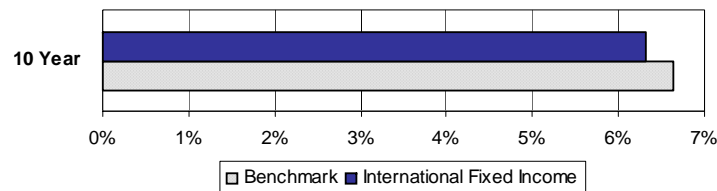
Net returns for the Core Real Estate Portfolio have met or exceeded the NCREIF Property benchmark during all time periods. Non-core portfolio returns have underperformed the benchmark all periods except for the three- and five year periods. Ten-year net returns were 16.87% for the Core Real Estate portfolio and 12.32% for Non-Core Real Estate, versus 12.68% for the lagged benchmark.



Performance Summary – January 31, 2008

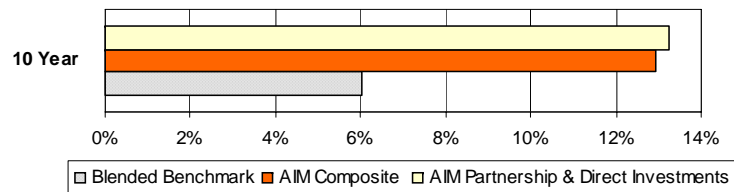
International Fixed Income:

Net International Fixed Income returns have underperformed the benchmark all time periods except for the five-year period. Ten-year net returns were 6.31% versus 6.64% for the benchmark.



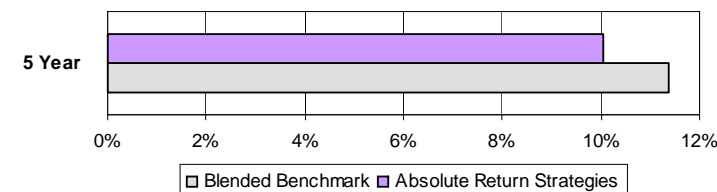
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the custom blended benchmark in all time periods. Ten-year net returns for the AIM Composite, which includes distributed stock, were 12.94% exceeding the ten-year custom blended benchmark return of 6.04%. Ten-year net returns for the AIM Partnership & Direct Investments were 13.25%.



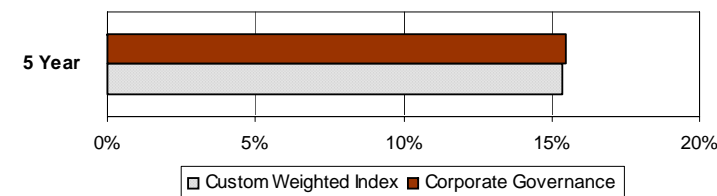
Absolute Return Strategies:

Net Absolute Return Strategies returns have underperformed the blended benchmark in all time periods. Five-year net returns were 10.03% versus 11.38% for the blended benchmark.



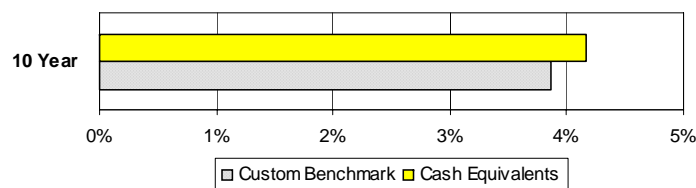
Corporate Governance:

Net returns for Corporate Governance Investments have underperformed the custom benchmark in all time periods except during the one month, calendar year to date, and five-year time periods. Five-year net returns were 15.47% versus 15.34% for the weighted index.



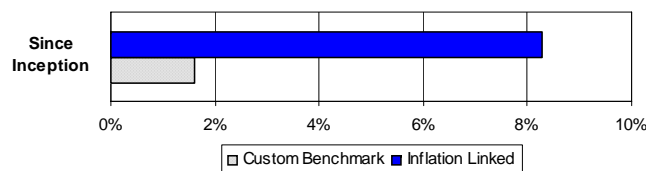
Cash Equivalents:

Net returns for the Cash Equivalents portfolio have met or exceeded the benchmark in all time periods. Ten-year net returns were 4.17% versus 3.87% for the custom benchmark.



Inflation Linked:

Net returns for the Inflation Linked portfolio have exceeded the benchmark in all time periods. Since inception net returns were 8.28% versus 1.59% for the benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending January 31, 2008

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	33.1	80,899,497	-6.15	-10.61	-7.78	-2.18	7.76	12.78	5.76
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			-6.17	-10.69	-7.22	-1.75	7.84	12.86	5.36
TOTAL INTL EQUITY	19.6	47,902,110	-9.36	-14.80	-7.48	3.80	16.22	22.13	8.70
<i>CALPERS FTSE ALL-WORLD EX US</i>			-9.64	-14.68	-6.15	5.40	16.80	22.53	
TOTAL GLOBAL EQUITY	52.6	128,801,607	-7.37	-12.21	-7.66	-0.11	10.71	15.99	
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			-7.33	-12.03	-6.81	0.65	10.83	16.04	
TOTAL DOMESTIC FIXED INCOME	25.0	61,217,562	1.46	3.75	8.51	9.38	5.73	6.96	6.98
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			1.77	4.09	8.81	9.28	4.99	5.61	6.59
TOTAL INTL FIXED INCOME	3.2	7,757,316	3.70	5.43	15.72	16.99	4.53	8.19	6.37
<i>CALPERS WORLD GOVT X US</i>			3.86	5.74	15.98	17.15	4.71	7.98	6.64
TOTAL GLOBAL FIXED INCOME	28.2	68,974,878	1.71	3.93	9.29	10.23	5.58	7.17	6.94
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			2.02	4.29	9.66	10.21	4.97	5.91	6.59
TOTAL AIM COMPOSITE	9.3	22,646,509	6.18	6.13	18.46	33.53	25.48	19.03	12.95
<i>WILSHIRE 2500 PLUS 300 BPS (DAILY)</i>			-5.87	-9.85	-5.43	1.42	10.88	16.03	9.09
TOTAL REAL ESTATE	8.4	20,670,415	-0.46	-0.52	4.85	10.80	30.29	24.20	18.00
<i>NCREIF PROPERTY 1 QTR LAG (DAILY)</i>			0.00	0.00	4.59	13.26	16.66	13.99	12.68
TOTAL INFLATION LINKED	0.8	1,924,491	4.14	1.80					
<i>CPI + 400 BPS</i>			0.81	1.61					
TOTAL CASH EQUIVALENTS	0.7	1,787,610	-3.52	-5.65	-6.02	-2.33			
<i>PERS CUSTOM STIF NET OF FEES</i>			0.37	1.17	2.97	5.22			
TOTAL FUND	100.0	244,708,766	-3.22	-5.65	-0.65	5.71	11.49	14.22	8.14
<i>CALPERS POLICY INDEX</i>			-3.61	-5.65	-0.63	4.99	10.19	12.94	7.30
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			-3.71	-5.77	-0.59	5.50	10.35	13.20	7.44

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)
AIM (SJAIM); Real Estate 1 QTR Lagged (SJRKA1)
Inflation Linked (SX2CA1); Cash Equivalents (SJEKA1); Total Fund (SJ1CA1)
Currency Overlay is not included in Global Equity. CPI return is estimated.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending January 31, 2008

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	33.1	80,899,497	-6.16	-10.63	-7.82	-2.25	7.71	12.73	5.73
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			-6.17	-10.69	-7.22	-1.75	7.84	12.86	5.36
TOTAL INTL EQUITY	19.6	47,902,110	-9.37	-14.84	-7.54	3.70	16.13	22.04	8.64
<i>CALPERS FTSE ALL-WORLD EX US</i>			-9.64	-14.68	-6.15	5.40	16.80	22.53	
TOTAL GLOBAL EQUITY	52.6	128,801,607	-7.38	-12.24	-7.70	-0.19	10.65	15.93	
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			-7.33	-12.03	-6.81	0.65	10.83	16.04	
TOTAL DOMESTIC FIXED INCOME	25.0	61,217,562	1.46	3.75	8.51	9.38	5.73	6.95	6.98
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			1.77	4.09	8.81	9.28	4.99	5.61	6.59
TOTAL INTL FIXED INCOME	3.2	7,757,316	3.69	5.40	15.68	16.92	4.46	8.11	6.30
<i>CALPERS WORLD GOVT X US</i>			3.86	5.74	15.98	17.15	4.71	7.98	6.64
TOTAL GLOBAL FIXED INCOME	28.2	68,974,878	1.71	3.93	9.29	10.22	5.57	7.15	6.93
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			2.02	4.29	9.66	10.21	4.97	5.91	6.59
TOTAL AIM COMPOSITE	9.3	22,646,509	6.18	6.13	18.46	33.52	25.47	19.02	12.94
<i>WILSHIRE 2500 PLUS 300 BPS (DAILY)</i>			-5.87	-9.85	-5.43	1.42	10.88	16.03	9.09
TOTAL REAL ESTATE	8.4	20,670,415	-0.46	-0.99	3.56	8.36	24.29	20.07	15.39
<i>NCREIF PROPERTY 1 QTR LAG (DAILY)</i>			0.00	0.00	4.59	13.26	16.66	13.99	12.68
TOTAL INFLATION LINKED	0.8	1,924,491	4.05	1.66					
<i>CPI + 400 BPS</i>			0.81	1.61					
TOTAL CASH EQUIVALENTS	0.7	1,787,610	-3.52	-5.65	-6.02	-2.33			
<i>PERS CUSTOM STIF NET OF FEES</i>			0.37	1.17	2.97	5.22			
TOTAL FUND	100.0	244,708,766	-3.22	-5.70	-0.78	5.47	11.13	13.93	7.96
<i>CALPERS POLICY INDEX</i>			-3.61	-5.65	-0.63	4.99	10.19	12.94	7.30
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			-3.71	-5.77	-0.59	5.50	10.35	13.20	7.44

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)
AIM (SJAIM); Real Estate 1 QTR Lagged (SJRKA1)
Inflation Linked (SX2CA1); Cash Equivalents (SJEKA1); Total Fund (SJ1CA1)
Currency Overlay is not included in Global Equity. CPI return is estimated.

Operations / Activity Reports

Closed Session Transactions

- There were zero (0) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2005	2006	2007	2008 YTD	Since Inception
Investment Proposals Entered	24	316	301	444	24	7,222
Declined/Referred/Failed to Materialize	32	429	268	388	32	5,901
Deals in Screening	29	319	300	444	24	4,255
Due Diligence Reviews	24	59	61	75	5	762

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2005	2006	2007	2008	Since Inception
Information Received	59	69	90	13	716
Declined	7	1	0	0	243
Deals in Screening	58	68	90	13	461
Due Diligence Reviews	18	52	66	3	175
Approved by ARS Board	7	9	8	1	41
Funded Investments (\$ Millions)	\$783	\$1,809	\$2,499	\$140	\$5,959

Opportunistic Real Estate Investments Activity Report

Fund Name	Allocation Committed
SHIP UK II	\$30,000,000.00

Quarterly Reports

According to policy requirements, the following is summary information extracted from the quarterly and annual report(s) prepared for Investment Committee consideration. Executive Summaries and Full Reports are available in the supplemental reporting document.

Deferred Compensation Program Quarterly Report:

S & P 500 Index Fund:

	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>	<u>12/06</u>	<u>12/07</u>
Market Value									
(\$ millions)	887.1	831.6	744.3	581.7	821.1	932.2	955.9	1,074.3	143.7
PERFORMANCE*									
For Periods Ended December 31, 2007									
							3 Yr.	5 Yr.	
				<u>Qtr.</u>		<u>1 Yr.</u>	<u>Annualized</u>	<u>Annualized</u>	
S&P 500 Index Fund				-3.30%		5.76%	8.75%	12.87%	
<u>Benchmark:</u>									
S&P 500 Index				-3.33%		5.49%	8.62%	12.83%	

Comments: For the quarter, the portfolio had an additional return of 3 bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were -3.30% and 5.76% versus the benchmark's -3.33% and 5.49% respectively. The significant reduction to this portfolio's market value in August 2007 was due to CalPERS no longer managing the S&P 500 Index fund for the State of California's Savings Plus Program.

*Gross performance. CalPERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year.

**Above returns are calculated using Internal Rate of Return (IRR).

Quarterly Reports

Securities Lending Earnings Quarterly Report:

Earnings for the quarter ended December 31, 2007, are presented to the Investment Committee for information.

Asset Class	Average Lendable Assets (\$ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS (\$ 000)
Global Equities	\$114,543,969	20%	18 bp	\$ 10,413
Global Fixed Income	\$ 36,776,085	51%	-12 bp	\$ -5,436
Total Program	\$151,320,055	27%	5 bp	\$ 4,977

Policy Violations:

Boston Global Advisors did not violate the policy during the fourth quarter of the calendar year.

Credit Suisse violated the policy during the fourth quarter of the calendar year. The violation was a carryover from the prior quarter and staff worked with Credit Suisse to bring the portfolio back into compliance in October.

eSecLending did not violate the policy during the fourth quarter of the calendar year.

Metropolitan West did not violate the policy during the fourth quarter of the calendar year.

State Street Bank did not violate the policy during the fourth quarter of the calendar year.

The program experienced two new violations during the fourth quarter of the calendar year. The first violation, a violation of the overnight liquidity requirement of ten percent, occurred on November 28, 2007 and lasted through the end of the year. The program saw an unusually high volume of security recalls resulting in a drop in cash collateral levels for the fourth quarter of 2007. With Total Plan asset re-balancing coupled with CalPERS borrowers coming under balance sheet pressure over year end, liquidity balances were pushed below ten percent. While liquidity balances have since come back, we anticipate balance fluctuations as a result of additional asset re-balancing over the next two quarters.

The second violation occurred when a Corporate Note held in the external cash reinvestment portfolio was downgraded from Aaa to Baa3. The security in question was rated Aaa by Moody's upon purchase, however after the downgrade it violated our policy requirement of a minimum corporate note rating of A1/A+/A+. This is the second Corporate Note to be downgraded in the calendar year; the first took place in the third quarter 2007. Both violations are still held in the external reinvestment portfolios. Staff is currently working with the external cash manager to maximize value on these holdings.

Results:

The securities lending program generated \$ 4.9 million of net income for the quarter ended December 31, 2007. The average market value of securities on loan for the quarter was \$42 billion.

Quarterly Reports

Supplemental Income Plans Quarterly Report:

CalPERS 457 Plan - During the 4th quarter ending December 31, 2007, the CalPERS 457 Plan experienced a \$2.7 million or 0.4% net increase in assets for a total of \$709.4 million. The number of participants grew by 393 to 25,135 and agency adoptions by 6 to 615.

The current asset value of the program as of January 31, 2008 is \$682.8 million, with 25,358 participants and 616 agencies.

State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) -

The POFF Plan assets grew 2.0% from last quarter, to \$352.8 million. The number of participants increased by 663 for a total of 39,234.

Supplemental Contributions Plan (SCP) - The SCP assets decreased -0.9% from last quarter, to \$23.1 million. The number of participants decreased by 3 to 742, for a -0.4% decrease.

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 17)
- Sales – Internal Management (Page 18)
- Currency Hedge Portfolio Summary (Page 19)
- Currency Hedge Portfolio Transactions (Page 19)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Real Estate Transactions Summary
 - Dispositions Summaries
 - KSC Affordable Housing Investment Fund, LL – Ivy Hill Apartments, CalPERS equity share \$5,548,005.00
 - Acquisitions Summaries
 - CalEast Global Logistics – NATM-12340 East Northwest Highway, CalPERS equity share \$1,504,075.00
 - Buchanan Street Advisors – Federated/Hecht's Warehouse, CalPERS equity share \$31,525,440.00
 - RREEF/CalSmart – Tri-Valley Technology Campus, CalPERS equity share \$8,122,567.00
 - CalEast Global Logistics – Roadway Portfolio, CalPERS equity share \$4,724,326.00
 - CalEast Global Logistics – 615 Nestor Street, CalPERS equity share \$806,442.00
 - CalEast Global Logistics – Baseline and Locust Land Holdings, Jurupa Avenue Land Holdings, Railroad Street Land Holdings, CalPERS equity share \$5,426,498.00
 - CalEast Global Logistics – Main Street Associates II, CalPERS equity share \$2,041,245.00
 - RREEF/CalSmart – Douglas Park, CalPERS equity share \$2,934,311.00
 - MacFarlane Partners – NoMa West, CalPERS equity share \$11,060,964.00
 - AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Advent Japan Private Equity Fund LP, ¥11.3 billion (\$100 million) commitment
 - Bridgepoint Europe IV LP, €300 million (\$442 million) commitment
 - Carlyle Europe Technology Partners II LP, €75 million (\$106 million) commitment
 - The Resolute Fund II LP, \$200 million commitment
 - Riverstone/Carlyle Global Energy & Power Fund IV LP, \$500 million commitment
- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases: \$2,508.8 million notional
 - Futures sales: \$2,565.7 million notional
- Risk Managed Absolute Return Strategies Program Transactions
 - Summary Listing of Investments and Redemptions
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - The Marquee Fund, LP, - Initial Contribution \$100 million

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2007

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	\$863.4	\$735.7	N/A	6.59%
<u>BONDS:</u>				
Utilities & Industrials	\$725.0	\$721.6	6.85%	6.46%
Sovereign	<u>189.5</u>	<u>195.4</u>	4.36%	<u>1.75%</u>
Total	914.5	\$917.0		8.22%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	\$1,947.6	\$1,858.6	4.31%	16.65%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	\$113.0	\$110.3	6.04%	0.99%
CMO	<u>0.0</u>	<u>0.0</u>	0.00%	<u>0.00%</u>
Total	\$113.0	\$110.3	5.93%	0.99%
<u>EQUITIES:</u>				
Common Stock		\$2,438.3	N/A	21.85%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$2,048.9	N/A	18.36%
Domestic Common Stock		1,822.3	N/A	16.33%
International Fixed Income		<u>1,230.6</u>	N/A	<u>11.03%</u>
Total		\$5,101.8		45.71%
TOTAL PURCHASES:		\$11,161.7		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2007

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	\$1.7	\$20.1	\$20.1	0.0
<u>BONDS:</u>				
Utilities & Industrials	\$26.0	\$25.6	\$24.4	-\$1.2
Sovereign	<u>120.7</u>	<u>122.2</u>	<u>122.7</u>	<u>0.5</u>
Total	\$146.7	\$147.8	\$147.1	-\$0.7
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	\$3,032.0	\$3,180.7	\$3,247.3	\$66.6
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	\$113.0	\$113.0	\$112.7	-\$0.3
CMO	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	\$113.0	\$113.0	\$112.7	-\$0.3
<u>EQUITIES:</u>				
Common Stock		\$2,939.1	\$3,623.1	\$684.0
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,763.0	\$1,915.8	\$152.8
Domestic Common Stock		1,911.5	1,920.4	8.9
International Fixed Income		<u>1,061.9</u>	<u>1,069.0</u>	<u>7.1</u>
Total		\$4,736.4	\$4,905.2	\$168.8
TOTAL SALES:		\$11,137.1	\$12,055.5	\$918.4

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

December 2007

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$3,412.1	\$3,474.3
Total FX Sold	\$8,595.1	\$8,571.4

CURRENCY OPTIONS

Currency Puts	(\$1,524,050.7)	(\$1,524,050.7)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

December 2007

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$5,181.3

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$6,357.9

Affiliate Funds Reports

Staff has compiled the following Affiliate Funds Allocation Reports for the period ending January 31, 2008.

Annuitants' Health Care Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	270,084.50	0.24%	\$270,084.50	0.25%
DOMESTIC EQUITY	51,752,205.59	46.03%	\$50,034,075.50	45.44%
FIXED INCOME	27,499,524.90	24.46%	\$28,127,133.84	25.54%
INTERNATIONAL EQUITY	32,909,575.07	29.27%	\$31,679,908.95	28.77%
TOTAL	<u>\$112,431,390.06</u>		<u>\$110,111,202.79</u>	

CalPERS Health Care Bond Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
FIXED INCOME	\$ 356,739,512.70	100.00%	\$378,852,724.87	100.00%
TOTAL	<u>\$ 356,739,512.70</u>		<u>\$378,852,724.87</u>	

Judges' Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$3,342,957.47	100.00%	\$3,342,957.47	100.00%
TOTAL	<u>\$3,342,957.47</u>		<u>\$3,342,957.47</u>	

Affiliate Funds Reports

Judges II Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$45,972.02	0.02%	\$45,972.02	0.02%
DOMESTIC EQUITY	\$99,783,463.74	43.95%	\$111,574,264.98	44.51%
FIXED INCOME	\$82,817,429.56	36.48%	\$89,578,603.15	35.74%
INTERNATIONAL EQUITY	\$44,370,050.74	19.54%	\$49,471,706.47	19.74%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$227,016,916.06</u>		<u>\$250,670,546.62</u>	

Legislators' Retirement Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$9,017.60	0.01%	\$9,017.60	0.01%
DOMESTIC EQUITY	\$36,472,296.25	28.66%	\$41,966,728.39	29.74%
FIXED INCOME	\$70,055,373.80	55.05%	\$75,860,847.19	53.75%
INTERNATIONAL EQUITY	\$12,301,383.82	9.67%	\$13,710,740.46	9.71%
TIPS	\$8,417,894.15	6.61%	\$9,582,792.26	6.79%
TOTAL	<u>\$127,255,965.62</u>		<u>\$141,130,125.90</u>	

Long Term Care Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$235,676.62	0.01%	\$235,676.62	0.01%
DOMESTIC EQUITY	\$697,526,254.45	33.75%	\$787,536,620.88	34.31%
FIXED INCOME	\$872,127,743.09	42.20%	\$951,693,540.60	41.46%
INTERNATIONAL EQUITY	\$387,677,921.19	18.76%	\$430,389,029.81	18.75%
TIPS	\$109,206,701.52	5.28%	\$125,739,800.13	5.48%
TOTAL	<u>\$2,066,774,296.87</u>		<u>\$2,295,594,668.04</u>	

Affiliate Funds Reports

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$5,924,947.94	100.00%	\$5,924,947.94	100.00%
TOTAL	<u>\$5,924,947.94</u>		<u>\$5,924,947.94</u>	

Supplemental Contribution Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	226,377.91	1.20%	\$226,377.91	1.05%
DOMESTIC EQUITY	9,342,830.51	49.65%	\$11,082,793.80	51.60%
FIXED INCOME	5,576,425.92	29.63%	\$6,043,901.32	28.14%
INTERNATIONAL EQUITY	3,671,813.63	19.51%	\$4,125,623.98	19.21%
TIPS	0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$18,817,447.97</u>		<u>\$21,478,697.01</u>	

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$37,414.83	1.19%	\$37,414.83	1.08%
DOMESTIC EQUITY	\$2,641,814.61	83.74%	\$2,783,024.25	80.69%
INTERNATIONAL EQUITY	\$475,672.77	15.08%	\$628,633.84	18.23%
TOTAL	<u>\$3,154,902.21</u>		<u>\$3,449,072.92</u>	